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## GENERAL

1. Cannon's views on US withdrawal from Danube Conference--  
US Ambassador Cannon, chief of the US delegation to the current Belgrade Conference, believes that US insistence on non-riparian membership in any future Danube Commission will result in the termination of the conference for all practical purposes and the adoption of the Soviet draft convention. Cannon recommends that, in view of the "larger strategy" of the US with respect to prospective East-West negotiations, the US should sit out the conference to the end and debate each issue as it arises rather than force an earlier break. Cannon adds, however, that the French and British delegations are less determined to see the conference through.
2. US delegation to support British resolution on Danube--  
The Department of State has instructed the US delegation to support the British resolution calling for reference to the International Court of Justice of the dispute regarding the status of the 1921 Danube Convention. The US will not, however, actually join in submitting this case to the Court, because it was not a party to the 1921 Convention.
3. UK shies away from Shah's hint at Anglo-Iranian alliance--  
According to US Ambassador Douglas in London, the Shah of Iran touched upon the possibility of an Anglo-Iranian alliance during his recent stay with the King at Buckingham Palace. Douglas adds, however, that the British consider such an alliance extremely undesirable, "because of the trouble it would cause with the USSR" and because it would not benefit either the UK or Iran. The British were thankful that the Shah, after receiving a noncommittal response from the King, failed to raise the question again.
4. Bevin fears shift in Soviet pressure to Middle or Far East--  
Ambassador Douglas reports that Foreign Minister Bevin fears that the USSR, when it finds itself unable to make

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further gains in western Europe, will fairly rapidly transfer its point of pressure to either the Middle or Far East. Bevin believes that the Middle East, with Iran as a focal point, is the more likely area.

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EUROPE

5. FRANCE: Assembly approval of economic program likely. An important official of the Interior Ministry has expressed to US Ambassador Caffery optimism regarding the acceptance of the Government's financial and economic program by the French Assembly. The Ministry official expressed confidence that Finance Minister Reynaud's program would make due allowances for the plight of French labor, thereby mollifying the hostility to Reynaud in Socialist, Popular Republican, and trade union circles.

(CIA Comment: CIA believes that the Socialists will grant a reluctant vote of support to Reynaud's program, thereby insuring Assembly approval.)

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